

Message Text

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43

ACTION ARA-20

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

DRC-01 EUR-25 /213 W

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P R 161155Z OCT 73

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC PRIORITY 8969

INFO AMEMBASSY BRIDGETOWN

USMISSION GENEVA

AMEMBASSY KINGSTON

AMEMBASSY PORT OF SPAIN

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GENEVA FOR SUGAR DELEGATION

E.O. 11652: N/A

TAGS: ETRD, EAGR, PFOR

SUBJECT: US REDUCTION OF WISA SUGAR QUOTA

REF: (A) KINGSTON 3562 (B) GEORGETOWN 1437

(C) STATE 189220 (D) STATE 198985

SUMMARY: US PROPOSAL DRASTICALLY TO REDUCE WEST INDIES SUGAR ASSOCIATION(WISA) SUGAR QUOTA FEATURED OCT 15 PRESS AND UNDOUBTEDLY WILL BECOME SERIOUS IRRITANT TO RELATIONS HERE. ON BASIS EXTENSIVE TALKS WITH BOOKER-MC CONNELL CHAIRMAN GEORGE BISHOP WE HAD HOPED ISSUE COULD BE CONTAINED. NO QUESTION BUT THAT PROPOSED REDUCTION WOULD HAVE SERIOUS ADVERSE EFFECTS ON GUYANA'S ECONOMY, SOCIAL PROGRESS AND POLITICAL STABILITY. PERMSEC MIN TRADE JOINING DELEGATION
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HEADING FOR WASHINGTON OCT 16. END SUMMARY.

1. MONDAY MORNING'S GOVERNMENT-OWNED CHRONICLE CARRIED BANNER HEADLINE ON FRONT PAGE "WI TO FIGHT CUTS IN US SUGAR QUOTA." ARTICLE REPORTED RESOLUTION OF CARICOM COUNCIL OF MINISTERS MEETING IN JAMAICA(REF A) AND ASSERTED THAT A "TEAM OF OFFICIALS" WILL BE RUSHED TO WASHINGTON TO MAKE REPRESENTATIONS TO "SENIOR PERSONNEL OF THE DEPARTMENTS OF STATE AND AGRICULTURE." ARGUMENTS WILL BE MADE ALONG LINES THOSE PREVIOUSLY MADE, VIZ PROPOSED ACTION NOT CONSISTENT WITH INTENT OF US LAW (SECTION 202 D 4) WHICH ALLEGEDLY WAS TO PREVENT "PROFITEERING;" THE REGION HAD THE ACREAGE, FACTORY CAPACITY AND MAN POWER TO MEET ITS COMMITMENTS AND SHORT-FALLS CAUSED BY ADVERSE WEATHER CONDITIONS; US MUST UNDERSTAND THAT IT WAS ESSENTIAL MEET COMMITMENTS TO UK ON PRIORITY BASIS AS PART OF LONG-TERM STRATEGY TO PRESERVE MARKETS IN EXPANDED EEC; IF SHORT-FALL COULD BE OVERLOOKED IN 1972 WHY NOT IN 1973; ETC.

2. THUS FAR, THERE HAS BEEN NO POLITICAL CONTENT IN PUBLICITY HERE REGARDING SUGAR QUOTA, BUT WE ANTICIPATE EARLY INJECTION OF SPECULATION THAT REDUCTION IS PUNITIVE MEASURE BROUGHT ON BY US DISPLEASURE OVER CARIBBEAN RAPPROCHEMENT WITH CASTRO, NON-ALIGNMENT AND SO ON.

3. MR. GEORGE BISHOP, GROUP CHAIRMAN OF BOOKER-MC CONNELL, SPENT A WEEK HERE EARLIER IN MONTH. MET WITH AMBASSADOR ON THREE OCCASIONS FOR EXTENSIVE DISCUSSIONS OF PROBLEMS REDUCTION IN US QUOTA WOULD CAUSE BOOKERS SUGAR ESTATES AND GUYANA(BOOKERS PRODUCES SOME 85 TO 90 PER CENT OF GUYANA'S SUGAR). THESE MEETINGS SUPPLEMENTED BY SEVERAL TELEPHONE CALLS. IN ADDITION TO VISITING THE ESTATES AND FACTORIES, BISHOP MET WITH PRIME MINISTER BURNHAM (FOR TWO AND A HALF HOURS ON OCT 8), DPTY PM AND MINISTER OF NATIONAL DEVELOPMENT REID AND OTHER GOG OFFICIALS.

4. IN SESSIONS WITH AMBASSADOR, BISHOP EXPRESSED CONSTERNATION AT INSENSITIVITY OF USG IN PROPOSING SUCH A DRASTIC REDUCTION IN WISA'S QUOTA, ESPECIALLY AS SHORT-FALLS CAUSED BY ADVERSE WEATHER. COULD NOT BELIEVE USG UNABLE UNDERSTAND RATIONALE OF MEETING COMMITMENTS TO UK. LIMITED OFFICIAL USE

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OBVIOUSLY WORRIED ABOUT HIS STOCKHOLDERS, HE POINTED OUT THAT BOOKERS HAD MADE HEAVY INVESTMENTS IN EXPANDING ACREAGE AND REHABILITATING FACTORIES, PARTICULARLY THOSE AT ENMORE AND ALBION IN ANTICIPATION OF INCREASED PRODUCTION AND SLAES. CALCULATIONS BASED ON ANTICIPATED TOTAL GUYANESE SALES UNDER US QUOTA OF 91,000 TONS IN EACH OF THE NEXT FIVE YEARS. GUYANA NORMALLY MEETS ABOUT 45 PER CENT OF WISA'S QUOTA. IF LIMITED TO SOME 10,000

TONS NEXT YEAR IT INEVITABLY WILL FACE ECONOMIC DISASTER, INCREASED UNEMPLOYMENT, SOCIAL UPHEAVAL AND POLITICAL INSTABILITY. BOOKERS ITSELF LOST 1,400,000 POUNDS STERLING HERE IN FIRST SIX MONTHS OF 1973, LARGELY BECAUSE PROVIDED AN ADDITIONAL 40,000 TONS FOR LESS LUCRATIVE UK MARKET TO OFFSET SHORTFALLS BY ST. KITTS, AND WILL BE UNABLE TO DO MUCH TO HELP GOG OVER FORTHCOMING CRISIS. REITERATED POINT THAT WEST INDIES HAD NOT "PROFITEERED," WHICH HE CLAIMED SECTION 202 D 4) DESIGNED TO PREVENT.

5. BISHOP NEEDS NO INSTRUCTION IN INTRICACIES OF US SUGAR QUOTA SYSTEM AND LEGISLATION, OF COURSE. AMBASSADOR, WHILE ATTEMPTING SHOW UNDERSTANDING AND SYMPATHY, CONCENTRATED ON TRYING TO CONVINCE HIM ALL NOT LOST, ESPECIALLY IN VIEW OF GENERAL EXPECTATIONS THAT WORLD PRICE WILL REMAIN STRONG NEXT YEAR. MOST PREJUDICIAL IN TERMS OF FUTURE US LEGISLATION WOULD BE FOR WEST INDIES TO MAKE MAJOR ISSUE OF 1974 QUOTA AND THEN NOT BE ABLE TO PRODUCE ENOUGH TO FILL AN INCREASED ALLOCATION. SUGGESTED ALL CONCERNED SHOULD CONCENTRATE FIRST ON RESTORING PRODUCTION TO TAKE ADVANTAGE OF WORLD PRICES. THE US WILL NEED SUGAR IN THE LONG RUN AND THE CARIBBEAN UNDOUBTEDLY WILL BE GIVEN DUE CONSIDERATION IN ANY NEW US LEGISLATION, WHATEVER FORM IT MAY TAKE.

6. WHILE ARGUING THAT A HIGH WORLD PRICE FOR SUGAR NOT "BANKABLE" AS IS US QUOTA, BISHOP SEEMED RESIGNED TO THESE ARGUMENTS. REPORTEDLY USED THEM IN SESSION WITH BURNHAM AND THOUGHT HE HAD SUCCEEDED IN CALMING HIM DOWN. THAT BURNHAM WAS IN FACT CALMED DOWN GIVEN SOME CREDENCE WHEN HE FAILED TO MENTION SUGAR DURING A FORTY-MINUTE CONVERSATION WITH THE AMBASSADOR ON OCTOBER 9. LATEST DEVELOPMENTS HAVE STIRRED THE POT AGAIN, OF COURSE.

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7. PERM SEC IN MINISTRY OF TRADE, FRANK NOEL, JUST CALLED EMB'S ECON OFF IN STATE OF CONSIDERABLE AGITATION TO DISCUSS QUOTA REDUCTION. IS GOING TO WASHINGTON T
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Message Attributes

Automatic Decaptioning: X
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